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DE RUEHSG #0763/01 2222039
ZNR UUUUU ZZH
R 102039Z AUG 09
FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC 5337
INFO RUEHAC/AMEMBASSY ASUNCION 4116
RUEHBO/AMEMBASSY BOGOTA 2518
RUEHBU/AMEMBASSY BUENOS AIRES 1626
RUEHBR/AMEMBASSY BRASILIA 1046
RUEHCV/AMEMBASSY CARACAS 2205
RUEHPE/AMEMBASSY LIMA 6330
RUEHMN/AMEMBASSY MONTEVIDEO 4524
RUEHQT/AMEMBASSY QUITO 2543
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SANTIAGO 000763

SIPDIS

STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

E.O. 12958: N/A

TAGS: [KMDR](#) [KPAO](#) [PGOV](#) [ECON](#) [PREL](#) [SNAR](#) [EFIN](#) [CI](#)
SUBJECT: CHILE MEDIA REPORT - AUGUST 10

Lead Story

1. Indigenous radical Mapuche groups set fire to a crane and a summer cabin in the Region of Araucania on the same day. The "Coordinadora Arauco Malleco" (CAM) claimed responsibility for the first incident and pamphlets alluding to the Mapuche cause were found in both locations (El Mercurio, conservative, influential newspaper-of-record, 8/10).

Bachelet-UNASUR

2. In Ecuador, President Bachelet made a very good assessment of the first year of the Union of South American Nations (Unasur). "All world leaders know now who to call if they want to have relations with South America," she said alluding to President Obama's request to meet with the bloc in April to talk about "a new deal." Bachelet will hand the bloc's presidency to Rafael Correa, of Ecuador, amid tension in the bloc with regard to Colombia's decision to allow U.S. presence in its military bases (El Mercurio, 8/10).

3. Unasur officials were discussing the details of the final declaration until midnight. The discussion was marked by the insistence of Chavez bloc countries to include a clause with regard to U.S. use of Colombian military bases (La Tercera, conservative, independent, 8/10).

4. On July 30, in Brazil, Bachelet endorsed President Lula da Silva, who expressed concern over the U.S. bases in Colombia and supported his proposal to discuss the matter at Unasur. The GOC says that Bachelet's remarks in Brazil were "misinterpreted," and that the President had never intended to antagonize Colombia or the United States. It seems that Lula is concerned with the presence of U.S. troops in the Brazilian Amazon and because Alvaro Uribe did not forewarn him about the agreement (La Tercera, 8/9).

5. The Washington-Bogota agreement includes negotiations related to sea and air surveillance and the presence of 800 soldiers and 600 contractors in the bases to assist Colombia in its fight against narcotics trafficking and the FARC (La Tercera, 8/9).

6. Lula da Silva is concerned that increased U.S. presence in Colombia could undermine Brazil's leadership in the region. His other concern is that the agreement will become a new element of tension among South American countries, particularly in the context of Hugo Chavez' warning that the Colombian-U.S. agreement might lead to a "war" in the region. Lula also believes that the fight against narcotics "must be done through Unasur's Defense Council without the

interference of other countries," said Brazilian analyst Gaudencio Torquato (La Tercera, 8/8).

U.S.-Related News

¶17. The Republicans were able to postpone Arturo Valenzuela's ratification as Assistant Secretary of State for Western Hemispheric Affairs until after the Senate's summer recess, in September. Valenzuela, however, already has the votes for his ratification (El Mercurio, 8/10).

¶18. Interview with Steve Forbes entitled, "Most of President Obama's proposals will do more damage than good." Forbes will be speaking at CasaPiedra in Santiago on the 11th (El Mercurio, record, 8/8).

¶19. A "Newsweek" magazine article entitled, "Chile Starts Early," praises the country's preschool education policy, highlighting that 2.5 preschool facilities are built every day (El Mercurio, 8/10).

¶110. Obama's insistence to move forward on the health reform is because the financial crisis has already resulted in a recession and the risk is that it will become a social crisis. Obama has much at stake in the reform of the health system and his conservative enemies know that (Government-owned La Nacion, 8/9).

¶111. The most powerful country in the world has the most deficient health system of all developed countries. Obama wants to change that and is set on setting a social protection system.... He is fully set on this goal and the right-wing sees this as a chance to credit it as a defeat (La Nacion, 8/9).

U.S.-Honduras

¶112. Honduras' de facto government has agreed for OAS Secretary General Jose Miguel Insulza to visit the country, but only as an observer. The date of the visit has not yet been determined. In Quito, ousted President Manuel Zelaya said Washington's efforts with regard to the coup in his country "have been insufficient" (El Mercurio, 8/10.)

¶113. The United States has begun to move away from President Zelaya. The change can be seen in a Department of State letter to Senator Richard Lugar criticizing Zelaya for incurring in "provocative" actions after his ousting. The letter underscores that U.S. policy "must not rest on support for any particular individual, but rather on the search for a solution that best serves the people of Honduras and their democratic aspirations," and "rejects" the application of tougher economic sanctions on Micheletti. The letter adds that the U.S. administration "has not yet made a final decision" on whether Zelaya's ousting was a coup d'tat. This is strong blow for Zelaya who believes the United States is the only country with the leverage to put him back in office (La Tercera, 8/8).

Indigenous Mapuche conflict

¶114. Undersecretary of Interior Patricio Rosende expressed concern with the presence of members of Askapena in the region where violent Mapuche attacks are taking place. Askapena is the political arm of terrorist Basque organization ETA (El Mercurio, 8/8).

Weapons Acquisitions

¶115. Brazil has begun an ambitious military modernization program. Several Brazilian analysts explain why: Lula wants to strengthen Brazil's geopolitical standing in the region, which is accomplished diplomatically, but also by upgrading its military; Hugo Chavez' weapons acquisitions from Russia have altered the military balance in South America; there is concern with the growing tension between Colombia and Venezuela, which could affect Brazil's border; the FARC needs to be kept out of Brazil; and Lula is concerned with foreign incursion into the Amazon, which is rich in natural resources (El Mercurio, 8/8).

SIMONS